

<b>SERFF Tracking #:</b>	ASWX-G128439000	<b>State Tracking #:</b>		<b>Company Tracking #:</b>	ASWX-G128439000
<b>State:</b>	Utah	<b>Filing Company:</b>	Time Insurance Company		
<b>TOI/Sub-TOI:</b>	H16I Individual Health - Major Medical/H16I.005C Individual - Other				
<b>Product Name:</b>	Time Base Chassis (TIM &TGM)				
<b>Project Name/Number:</b>	Time Base Chassis (TIM &TGM)/UT01446FI00063				

## Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Consumer Disclosure Form		
Comments:			
Attachment(s):			
2012_07_01_UT TIC True Consumer Disclosure_2012_07_30.PDF			

July 30, 2012

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## Time Insurance Company Rate Review in Utah

**Time Insurance Company has asked for a rate increase\* for the following products in Utah:** STUDENT SELECT-Indemnity-Individual-44526UT011, BASE CONTRACT-Indemnity-Individual-44526UT012 and BASE CONTRACT-PPO-Individual-44526UT013.

### Review Status: Pending Review

If the increase happens:

- The average rate increase will be 16.00%
- The proposed rate increase is an average rate increase for all covered groups or individuals. The premiums may be higher or lower than this average based on factors such as age, family structure, and health experience of the covered groups and individuals.
- The effective date of the rate increase is 07/01/2012. The actual date of your rate increase may vary based on the anniversary date of your policy and other factors.
- This increase will affect 3362 people

**\* This posting does not mean that the requested increase is unreasonable. Either the state or federal reviewer will decide that and the decision will be posted here.**

### More Information about this Rate Increase:

- [Why does my insurance company want to raise my premium?](#)
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### Why does my insurance company want to raise my premium?

Your insurer says that costs are going up:

Type of Cost:	Per Member Increase Per Month Increase**	Portion of Increase
<b>Medical Services*</b> - Cost of providing healthcare services to policyholders	\$23.70	77.02%
<b>Administrative Expenses</b> - Marketing, claims processing, and other costs to the company	\$11.90	38.68%
<b>Underwriting Gain/Loss</b> - Amount the company keeps after paying claims and administrative expenses	-\$4.83	-15.70%

**\* 14.01% of the Medical Services cost increases are due to how many people use the services and how often they use them and 38.12% is due to the cost of services.**

**\*\* These increases won't add up to the average rate increase if everyone doesn't get the rate increase at the same time.**

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## What kinds of Medical Services are causing this rate increase?

Medical Service	Per Member Per Month Increase	Portion of Increase
<b>Hospital Inpatient</b> - Care in a Hospital	\$7.12	30.03%
<b>Outpatient</b> - Care in a hospital or other facility that doesn't require an overnight stay	\$6.10	25.74%
<b>Professional Services</b> - Payments to doctors and other healthcare professionals	\$1.18	4.97%
<b>Prescription Drugs</b> - Medicines you need a prescription to buy	\$1.10	4.64%
<b>Ancillary Services</b> - Medical supplies, ambulance fees, etc.	\$2.34	9.86%
<b>Capitation</b> - A fixed per person payment the insurer pays to a provider to cover a person's medical costs	\$0.00	0.00%
<b>Cost Sharing</b> - Changes in deductibles, copayments, benefits, etc.	\$1.03	4.36%
<b>Current Medical Cost Adjustment</b> - The difference between what your insurer thought it was going to pay for medical services and what it actually paid during the current year	\$4.84	20.40%
<b>Total Medical Service Cost Changes</b>	\$23.70	100.00%

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## How would my insurance company use my premium?

Type of Cost	How Premium Dollars Will be Spent if the Requested Rate is used	
	Per Member Per Month	Portion of Rate
<b>Medical Services</b> - Cost of providing healthcare services to policyholders	\$117.26	77.00%
<b>Administrative Expenses</b> - Marketing, claims processing, and other costs to the company	\$36.20	23.77%
<b>Underwriting Gain/Loss</b> - Amount the company keeps after paying claims and administrative expenses	-\$1.18	-0.77%
<b>Total Request Rate</b>	\$152.28	100.00%

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## Last three rate increases for this product:

Year	Requested	Got
2011	20.57%	20.57%
2010	15.73%	15.73%
2009	12.89%	12.89%

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## Who is reviewing this rate increase?

The rate increase request is being reviewed by the State.

State laws either:

- Allow the insurance regulator to review rate filings, but do not allow the regulator to stop a rate from being used, or
- Allow the insurance regulator to both review rate filings *and* stop an unreasonable rate from being used.

If a state's laws do not allow the insurance regulator to perform effective rate reviews, the federal government\* will review any rate increases at or above 10% in the individual or small group market.

\*If the federal government is reviewing, [click here](#) to see the filing.

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## Insurer's explanation of the rate increase

Time Insurance Company has prepared the following written explanation of this rate increase.

The requested average rate increase for our Utah Time Insurance Company individual major medical business is 16%. There are 3,362 covered individuals who will be impacted by this rate increase. Depending on the policy renewal month, the annualized increase will range from 12% to 39%. The actual rate increase for individuals who have a 24 or 36 month rate guarantee may go up to 39%.

Below is the 2010 experience for this product.

	2010
Premium Revenue	9,300,353
Claims Expense	8,027,299 86.3%
Claims & Administrative Expense	3,127,983 33.6%
Gain/Loss	-1,854,930 -19.9%

This rate increase is needed because medical trend is assumed to continue at an annual rate of 18%. This includes increases in both the price and utilization of medical services.

We use a target loss ratio approach to determine the needed rate change. The loss ratio is the ratio of incurred claims to earned premium. In Utah, the target loss ratio is 77%, which we believe approximates the 80% Medical Loss Ratio under the Patient Protection and Affordable Care Act after allowable adjustments.

In 2010 we had a 19.9% underwriting loss in Utah. Without the 16% rate increase, we would expect an underwriting loss for 2012 in the state of Utah. The main drivers of our administrative expenses are employee salaries and benefits, agent commissions, and premium taxes, licenses and fees. We are working to lower our administrative expenses.

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## Comment on this rate increase

You may submit your comments about this rate increase to Utah on its web site at <http://insurance.utah.gov/transparency/index.html>.

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A federal government website managed by the U.S. Department of Health & Human Services  
200 Independence Avenue, S.W. - Washington, D.C. 20201



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